GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1953
ANSWERED ON:05.08.2005
ASSISTANCE TO PNB AND DENA BANKS
Gaikwad Shri Eknath Mahadeo;Singh Shri Kirti Vardhan;Yadav Shri Anirudh Prasad (Sadhu)

Will the Minister of FINANCE be pleased to state:

(a) whether the Punjab National Bank and Dena Bank have sought assistance from Government to bail them out from their financial problems;

(b) if so, the details thereof and the action taken by the Government thereon;

(c) the reasons for sickness;

(d) whether the non-performing assets are the main weakness of Public Sector Banks; and

(e) if so, the corrective measures taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b) Punjab National Bank has not sought any assistance from the Govt. as it is a financially sound bank. Dena Bank has submitted a proposal seeking financial assistance from the Government to meet Basel II requirement and for growth, which is under examination.

(c) High Non-Performing Assets (NPAs) and low recovery are major factors for weak financial health of Dena Bank.

(d) Yes, Sir.

(e) Government of India and Reserve Bank of India have stipulated certain steps for recovery of loans, which, inter-alia include evolving and implementing a recovery policy by banks, filing of suits in civil courts / DRTs, issue of notices under SARFAESI Act, 2002, compromise settlement and monitoring and follow up of NPAs at various levels. As on 31.03.2004, total NPAs of Rs. 20705 crore have been recovered by Public Sector Banks.